

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3436-01
Bill No.: HB 1588
Subject: Licenses - Motor Vehicle, Motor Vehicles, Revenue Dept.
Type: Original
Date: February 12, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Highway	(\$185,106)	(\$377,614)	(\$385,167)
Total Estimated Net Effect on <u>All</u> State Funds	(\$185,106)	(\$377,614)	(\$385,167)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation** and the **State Highway Patrol** assume this proposal would not result in any fiscal impact to their organizations.

Officials from the **Department of Revenue** assume this proposal will allow an alternative windshield tab design, at the option of the owner, for vehicle owners who are renewing registration on noncommercial vehicles registered under section 301.055 and for permanently registered historic motor vehicles. It also requires the director to issue a tab to be placed on the vehicle plate that reads "window tab". The alternative windshield tab and tab indicating window tab are to become effective January 1, 2003.

Cost to DOR

Contract computer programming

The contracted vendor for the Field Automated System for Titling and Registration (FASTR) system had not completed an analysis of this proposal by the time Oversight requested the fiscal note. The programming rate for changes to this system cost \$150 per hour and significant program modifications will be needed however, the cost is **UNKNOWN** at this time.

Administrative cost

The Department of Revenue also estimated administrative costs for FY 2003, 2004, and 2005 as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Equipment	\$53,575	\$0	\$0
Flyers	\$22,333	\$46,006	\$47,386
Office space	\$6,750	\$13,905	\$7,161
Supplies	\$1,125	\$2,318	\$1,194
Procedure revision, envelopes, postage	\$530	\$0	\$0
Telephone	\$540	\$1,112	\$573
Total	<u>\$84,853</u>	<u>\$63,341</u>	<u>\$56,314</u>

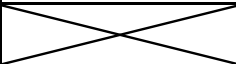
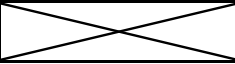
ASSUMPTION (continued)

Windshield decals

The Department of Revenue estimated the cost of the windshield tabs as follows:

Biennial registration went into effect July 2000. By July, 2002, biennial registrations will be approximately 50% of total registrations that qualify for biennial registration. By 2003 we will be into the biennial registration for a full two year biennial cycle, revenue increases are based on 100% of total registrations/fees. FY03 is based on six months (proposed legislation is effective January, 2003).

There are approximately 2,977,718 passenger motor vehicles that are eligible for this proposed legislation. We assume a 1% growth rate in passenger motor vehicles that are eligible for this proposed legislation. Of the total eligible passenger motor vehicles we assume 50% will opt for the windshield sticker. DOR assumes that there is one windshield tab issued per vehicle. The size of the windshield tab will be 4 inches by 4 inches for clear visibility.

	Eligible passenger motor vehicles	50% of eligible passenger motor vehicles	Six months of FY03 Effective January 1, 2003	Cost of windshield tab (decal)	Total Cost of windshield tab (decal)
FY03	2,977,718	1,488,859	744,430	\$0.75	\$558,322
FY04	3,007,495	1,503,748		\$0.76	\$1,142,848
FY05	3037570	1,518,785		\$0.77	\$1,169,465

No decrease for tab cost was shown since DOR assumes the director must still issue a set of tabs with each windshield tab.

Oversight assumes the provisions of this legislation are substantially identical to a proposal in the prior session. At that time, DOR responded that the proposal would not require additional FTE and did not estimate any significant additional costs to implement the proposal. DOR noted the proposal would be administratively burdensome to implement as an option for the citizen to have both the window sticker and the plate tab. Field staff would have to inventory both a tab for the plates and a window sticker for the option of the same citizens.

ASSUMPTION (continued)

The Department of Revenue responded that information received from the Department of Corrections indicates that a window sticker would cost approximately \$.37 each. The Department of Revenue also noted the state of Texas currently issues one windshield sticker to be placed in the front windshield.

In its prior response, DOR estimated additional tab costs as follows:

FY03

836,060 x 60% = 501,636 x \$.37 = **=\$185,606 Additional Tab Costs**

FY04

3,411,123 x 50% = 1,705,562 x 60% = 1,023,338 x \$.37 = **\$378,635 Additional Tab Costs**

FY05

3,479,346 x 50% = 1,739,673 x 60% = 1,043,804 x \$.37 = **\$386,208 Additional Tab Costs**

DOR further estimated replacement tab cost savings from a reduction in tab theft as follows:

FY03 = 18,188 x 50% = 9,094 @ 6 months x \$.37 = \$1,682 - \$1,182 = **\$500**

FY04 = 18,552 x 50% = 9,276 x \$.37 = \$3,433 - \$2,412 = **\$1,021**

FY05 = 18,923 x 50% = 9,462 x \$.37 = \$3,501 - \$2,460 = **\$1,041**

Total Net Additional Tab Costs in

FY03 = \$185,106

FY04 = \$377,614

FY05 = \$385,167

FISCAL IMPACT - State Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

HIGHWAY FUNDS

Cost - Department of Revenue

Tabs

(\$185,106)

(\$377,614)

(\$385,167)

**ESTIMATED NET EFFECT ON
HIGHWAY FUNDS**

(\$185,106)

(\$377,614)

(\$385,167)

FISCAL IMPACT - Local Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

FISCAL IMPACT - Local Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

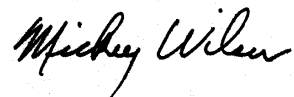
DESCRIPTION

This proposal would authorize window decal registration renewal tabs for motor vehicles.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Missouri Highway Patrol



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Acting Director
February 12, 2002